

UTILITY ADVISORY BOARD

Thursday, June 21, 2012

8:00 a.m.

**City of Grand Rapids - Water Administration Building
1900 Oak Industrial Drive, NE**

AGENDA

1. Approval of Minutes – May 17, 2012 (attached)
2. Public Comment on Agenda Items
3. FY13 Budget Detail Follow Up
4. Transformation Update
 - Enterprise Services Transformation
 - Utility Bill Printing (attached)
 - Sustainability Award for Heat Recovery
5. Work Program for 2012 Water/Sewer Rate Study (attached)
6. Photovoltaic Project at Oak Industrial Drive Facility
 - Kick-off Event being planned for Tuesday, July 10 - 3:00 p.m.
7. Contract Awards for May (attached)
8. Updates:
 - a. Customer Information System
 - b. REGIS / GIS
 - b. Incentives to Increase Billed Flow
9. Items from Members
10. Next Meeting – Thursday, July 19, Where?
11. Adjournment

**Utility Advisory Board
5/17/12**

1. Call to Order:

The meeting was called to order at 8:00 a.m. by Chair Eric DeLong at the Grand Rapids Water Office, 1900 Oak Industrial Drive NE.

2. Attendance:

Members Attending:

Haris Alibasic (alternate)
Bill Cousins
Mark De Clercq
Eric DeLong
Mike DeVries (alternate)
George Haga
Wayne Jernberg
Mike Lunn
Pam Ritsema
Joellen Thompson
Cathy VanderMeulen
Linda Wagenmaker (alternate)
Josh Westgate
Ron Woods

Others Attending:

John Allen
Steve Kepley
Nancy Meyer
Scott Saindon

Members Absent:

Scott Buhner
Brian Donovan
Ed Robinette
Chuck Schroeder
Toby VanEss

3. Approval of Minutes:

Motion 12-06: Cathy VanderMeulen, supported by Mike DeVries, moved to approve the minutes of the April 19, 2012, meeting of the Utility Advisory Board as presented. Motion carried.

4. Public Comment: There was no public comment.

5. Presentation and Consideration of Recommendation of Laboratory Services Agreement with City of Wyoming:

Pam Ritsema reported that staff has worked with Wyoming to negotiate an agreement for provision of lab services for the Lake Michigan Filtration Plant (LMFP). Wyoming does deliver the same types of services to other communities as well. This agreement will result

in the elimination of two permanent positions at the LMFP. The Union receives a 30-day notice of any contracting out of services so we have a 30-day window before this can go to the City Commission. The Union has the agreement now and is evaluating it.

George Haga asked how this impacts Wholesale customers. John Allen noted that nothing will change in that respect. Samples will still be dropped off to them, and they will ship them out to the lab. Wholesale and retail contracts will all see the savings.

Ron Woods asked why isn't this being done for wastewater too? Pam Ritsema indicated that we asked about this, but it was decided to start out small and add this later if everything is going well. Mr. Woods asked about the kinds of services that would be done by Wyoming. Mr. Allen indicated what would go to them now and what we would be reviewing and maybe deciding to send over.

Eric DeLong asked about staffing for emergencies. John Allen noted that we will still have one chemist at the LMFP so we should be fine.

Motion 12-07: Mike DeVries, supported by George Haga, moved to recommend the Laboratory Service Agreement with the City of Wyoming to the Grand Rapids City Commission for approval. Motion carried.

6. Presentation of FY2013 Sewage Disposal System Fiscal Plan

Linda Wagenmaker reported that the Preliminary Fiscal Plan was delivered to the City Commission on April 17. A Public Hearing is scheduled for June 12 with final approval of the Fiscal Plan set to take place on June 19.

Mike Lunn reported that they met their targets for a 5% reduction in O&M Costs when they submitted the request for FY13.

Linda Wagenmaker referred members to the information provided in the meeting materials and reviewed them briefly. She noted the changes being planned for staffing. The 8.2% of negotiated benefit changes were noted. Unrestricted cash at the end of FY2011 was \$15.3M, and we estimate unrestricted cash will be at \$18.5M at the end of FY2012. Spendable Equity is estimated to be \$4.7M at the end of FY2013.

Eric noted that our debt coverage ratio goes below 3.0 for several years. However, the Senior Debt ratio needs to meet the 1.2 test, and we are doing well there.

Cathy VanderMeulen asked about FY 12 Adopted versus Amended. She would like to see where we really are for FY12. Mike Lunn said he thinks the difference is only a few hundred thousand because there wasn't much carried over. Linda Wagenmaker explained how the carry overs work.

Ron Woods said he had a hard time getting numbers to match on this. He asked about the amount for personnel services, and Eric DeLong indicated where the supporting documentation for this could be found. Mr. Woods then asked about the increase in

contractual services. Ms. Wagenmaker indicated that most of the increase, if not all, was due to the increased cost for sludge handling for Grand Valley Regional Biosolids Authority. Eric DeLong asked what else is included in contractual services, and Mike Lunn listed off some of the types of things that are paid from this account. Eric DeLong and Mike Lunn explained why the costs for sludge handling increased at such a rate. Bill Cousins noted that maybe the UAB needs to see more detail so they know about individual things that were changed.

Mr. DeLong indicated that we are producing the same outcomes with about 80 less people in Water and Sewer. We're doing energy improvements. We've had a study done to help us identify other areas to look at. We are working very hard to keep costs down. Mr. Cousins noted he would still like a few more comments included so they know what has increased or decreased. Ron Woods noted that his Council also wants to be assured that everything is being properly allocated.

Mike Lunn suggested sending the Transformation Memo out to members. Eric DeLong indicated we can do that and asked what additional information members would like to see. If supporting documentation for each line item is needed, we can provide it. Mr. Woods said, yes, that is what he needs to please his Council. Bill Cousins said he just needs a little more than what was provided today. Mr. DeLong indicated that a data packet will be put together and sent out. It will include the Transformation Memos. He also offered to have staff come to council meetings if requested by members. Mike DeVries said they need to know things like how the 12% reduction in retiree health care was achieved. This type of information will help them to tell the story of the work that is being done.

Steve Kepley, Ron Woods and Linda Wagenmaker will get together to see exactly what data is needed to provide to Kentwood's Council members.

George Haga asked about the Ada Sewer Service Charge. Linda Wagenmaker noted that this accounts for Wholesale customers and was combined in one account due to the way the new system works. They do still have the detail on how much each Wholesale customer is charged.

Eric DeLong noted they City Commission will adopt the budget on June 19. Our next meeting isn't until June 21 so any recommendation from the UAB will need to be done now if they feel ready to do so.

Motion 12-08: Mike DeVries, supported by Bill Cousins, moved to recommend both the FY2013 Water and Sewer Fund Fiscal Plans to the Grand Rapids City Commission for approval.

Mike DeVries and Bill Cousins both indicated that they have no problem with what the City is doing but just need the detail to be able to explain the numbers to their leadership. Eric DeLong noted that we should start the review process sooner next year, working from the proposed budgets. This will allow more time for discussion. Mike Lunn asked if the

Biosolids Authority budget should be shared as well in the future and Mr. DeLong indicated that would be good.

Upon voting, Motion carried.

7. Contract Awards for April:

Mark De Clercq reviewed the one award that was made in April. There will be green credits received for this project.

Ron Woods asked about pending CWRP and DWRP projects. Mike Lunn and Wayne Jernberg reviewed the projects that are still pending.

8. Updates:

Customer Information System: Joellen Thompson reported that we continue to work with Cayenta and are moving toward final system acceptance. Wayne Jernberg reported that we are in the process of proposing to bring an applications consultant back periodically to accelerate getting to final acceptance. Joellen Thompson added that they met with our bill printer. We anticipate our savings for having bills printed in this way will be over \$50,000.

Mike DeVries noted it would be helpful if these types of good things could be sent out to them periodically. Ms. Thompson indicated that they will do this in future.

Incentives to increase Billed Flow: Eric DeLong reported that things haven't moved much since he last reported on this. He is still talking with the Right Place to gather more information.

REGIS/GIS: Pam Ritsema asked that anyone missing data for installed water and sewer mains please let her know so we can be sure to get this updated. She then reported that the subcommittee met with REGIS recently. The issue the City has is that our GIS data is heavily integrated into other programs throughout the City. She doesn't think REGIS can provide all of those services. We had prepared an RFP for the services that EMA is providing to ESD and Water. A copy of this was provided to REGIS so they can respond with what they could provide. The group will meet again at the end of the month.

Bill Cousins noted that it was news to him that we had missing as-builts as he learned at the meeting. He feels REGIS should be able to replace the EMA work, but he's not sure what that has to do with BS&A and 911, etc., at the City. He thinks we can find a way to make this happen.

Mark De Clercq indicated that EMA is doing an upgrade for the City that should help with filling the void with any missing as-builts. He thinks we are caught up on the as-builts now so there shouldn't be much, if anything, left to add in. Wayne Jernberg then explained how the process works now when as-builts are added. He has staff reviewing records to confirm that everything is up to date. If anyone finds anything missing, please let them know so they can get it updated as soon as possible.

Mark De Clercq and Wayne Jernberg both noted that it has been difficult to get as-builts at times from private developers, MDOT and the Kent County Road Commission. They are working on improving this process.

Eric DeLong indicated that we should talk about as-builts and have another update on REGIS at the next meeting.

9. Items from Members:

Scott Saindon reported that he heard this week that ASCET has now expended the funds provided by the UAB to them this year. They are routing clients to DHS as needed. Eileen Pierce added that before we cut off service we have started calling customers and giving them an extra 5 days. We are piloting this program for now to see if we can decrease the shut offs and increase the collections on these. Eric DeLong asked if we are seeing more shut offs recently. Ms. Pierce said she thinks we are because we are shutting them off sooner, but she can't quantify that yet. She will look at this more before the next meeting. Steve Kepley asked if they work with the building department to be sure residents are required to leave if the water is shut off, and staff indicated that this is done.

Mike Lunn indicated that he would like to have some staff come to the next meeting to discuss the Sustainability Award they received recently. He then reported that staff are working on a tank that has cracked. We didn't realize we had to do the 24-hour CSO notification on this. Even though it's not a CSO, we should have done the notification because there is contamination to groundwater. He thinks this could require a change order for a sizeable amount, but he doesn't really know how much yet.

Mike Lunn reported that the EPA has offered to work with us using their Sustain Model, looking at green infrastructure on projects. They want to get more communities to use this model and consider Grand Rapids as a green community.

Mike Lunn indicated that next month or the following month they will start to introduce ordinance changes that are needed for this year. He also noted that the DEQ is coming in June to tour the Wastewater Treatment Plant.

10. Next Meeting:

The next meeting is scheduled for Thursday, June 21, at the Grand Rapids Water Office, 1900 Oak Industrial Drive NE.

11. Adjournment:

Meeting was adjourned.

/nlm

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: June 12, 2012

TO: Utility Advisory Board Members

FROM: Joellen Thompson
Water System Manager

SUBJECT: Bill Print Outsourcing

The City recently awarded a contract to outsource utility bill printing. A conservative estimate of straightforward savings by using this service and discontinuing large volume in-house printing activities is \$75,000 annually, shared by the Water and Sewer funds. Additional savings not yet quantified will be realized from reduced postage costs, consolidated mailings for those with multiple accounts, improved return mail processing, and reduced number of inserted return envelopes.

In addition to cost savings, customer service improvements, including electronic bill presentment, on-line billing history and improved bill print layout will be available when the project is fully implemented later this year.

The City was pleased to select Utilitec from over 60 prospective bid respondents nationwide, a firm located in Troy and local to Michigan.

JT/nlm

CITY OF GRAND RAPIDS, MICHIGAN
WORK PROGRAM FOR ANNUAL WATER/SEWER RATE REVIEW
2012

<u>Description of Work (Page 1 of 3)</u>		<u>Completion Date 2012</u>	<u>Person Assigned</u>
1	Inventory plant and additions, improvements and abandonments during FY 12 in each retail service area	August 30	Scott Saindon Wayne Jernberg Chuck Schroeder
2	Determine cost of FY 12 plant and additions and improvements in each retail service area	August 30	Scott Saindon
3	Determine source of funding for FY 12 plant and additions and improvements in each retail service area	August 30	Scott Saindon
4	Accumulate operating costs for FY 12 by classification	September 17	Scott Saindon Mike Lunn Scott Hayden
5	Determine any known cost increases/decreases, including adjustments for Biosolids project, and adjust FY 12 operating cost accordingly	October 1	Scott Buhrer Linda Wagenmaker Joellen Thompson Mike Lunn
6	Determine water/sewage volume and revenues by customer community, including any known or pending and appropriate adjustments for volume or customer base	August 23	Linda Wagenmaker Priscilla Jernigan Mike Lunn
7	Determine other operating revenues for water and sewage for FY 12. Determine any estimated Individual Circuit Breaker (ICB) funding credit available from previous year	September 20 September 28	Scott Saindon Saindon/Pierce
8	Determine any changes in operating levels to take effect by January 1, 2013 and adjust operating costs accordingly	September 28	Linda Wagenmaker Joellen Thompson Mike Lunn
9	Determine anticipated changes in annual level of water and sewage receipts and adjust operating revenues accordingly	September 28	Linda Wagenmaker Joellen Thompson Mike Lunn
10	Determine major system additions, improvements and retirements to occur by January 1, 2013	September 28	Wayne Jernberg Chuck Schroeder Scott Saindon
11	Accumulate fixed assets, accumulated depreciation & depreciation expense by category for year ended June 30, 2012	September 20	Wagenmaker/Saindon
12	Determine working capital needs for materials and supplies, any prepayment of costs, and operating cost needs	August 23	Linda Wagenmaker
13	Zonegated joint use facilities: update length and cost factors for usage changes and make appropriate annual adjustments and reconcile and summarize annual WWTP flow	August 23	Wayne Jernberg Chuck Schroeder Linda Wagenmaker Mike Lunn Rick DeVries (B&V)

<u>Description of Work- Annual W/S Rate Review- 2012 (Page 2 of 3)</u>		<u>Completion Date 2012</u>	<u>Person Assigned</u>
14	Update water and sewer zoned maps	September 13	Wayne Jernberg Chuck Schroeder
15	Compute construction cost rate base (depreciated plant and system, plus working capital, less amortized contributions)	September 13	Linda Wagenmaker
15a	Integrated water/sewer connection fee schedule, including new rates for January 1, 2013, for GR and customer communities serviced under the uniform contracts	September 13	Scott Saindon
16	Continue funding CSO Master Plan Capital costs according to the series of calculations developed in the 1992 Sewer Rate Study. Provide updated project cost estimates of significant pending improvements to the systems anticipated to be completed <u>after</u> January 1, 2013.	September 20	Wagenmaker (CSO) Mike Lunn Chuck Schroeder
17	Tabulate bonds and other long-term debt outstanding on June 30, 2012 and compute annual interest cost thereon	August 20	Linda Wagenmaker
18	Determine Water and Sewer System equity in construction cost rate base by subtracting debt outstanding from total construction cost rate base	October 1	Linda Wagenmaker
19	Determine rate of return to be placed in effect on January 1, 2013 using data through at least August 31, 2012	October 1	Scott Saindon
20	Determine composite rate of return and dollars of return on a construction cost rate base	October 4	Linda Wagenmaker
21	Assign each rate base item by governmental entity and compute return on rate base by governmental entity	October 4	Linda Wagenmaker
22	Assign each operating cost item and allocate overhead to each governmental entity	October 4	Linda Wagenmaker
23	Assign other operating revenues to each governmental entity	October 4	Linda Wagenmaker
24	Assign depreciation expense to each governmental entity	October 4	Linda Wagenmaker
25	Accumulate initial revenue requirements by governmental entity, i.e. without application of circuit breaker.	October 8	Linda Wagenmaker
	Adjust revenue requirements for application of circuit breaker, if applicable, and review the revenue requirements to assure compliance with master bond ordinance provisions	October 18	Linda Wagenmaker
26	Determine initial revenue requirements and the increase/decrease in revenue levels for each governmental entity	October 8	Linda Wagenmaker
	Adjust revenue requirements for City and Customer Community Circuit Breaker if applicable	October 18	Linda Wagenmaker
27	Determine initial rate schedule for each retail and wholesale service area, including monthly fire service charge	October 8	Linda Wagenmaker
	Adjust rate schedule for City and Customer Community Circuit Breaker if applicable	October 18	Linda Wagenmaker

<u>Description of Work- Annual W/S Rate Review- 2012 (Page 3 of 3)</u>		<u>Completion Date 2012</u>	<u>Person Assigned</u>
28	Evaluate water and sewage front foot charges	September 6	Rick DeVries Scott Saindon
29	Evaluate water service charges and sewer lateral charges	September 6	Rick DeVries Scott Saindon
30	Evaluate miscellaneous rates and charges within the Water System Rules & Regulations. In addition, evaluate the penalty charge for BOD, SS, phosphorus, and ammonia for the Sewage Disposal System, including recommended revised WWTP allocation of actual FY 12 costs between major cost centers and accompanying functional cost allocations for high strength surcharge fees.	September 13	Eileen Pierce Mike Lunn Gary DeKock
31	Determine permit and laboratory fees for industrial pretreatment permit holders	September 13	Mike Lunn
32	Determine Watermain & Service main oversizing costs	September 28	Thompson/Jernberg Chuck Schroeder
33	Updates for any revised or new USD area maps and service area sizes (signed & dated)	September 28	Nancy Meyer
34	Determine penalty fee value for ICB and City and Customer Community Circuit Breaker.	October 18	Linda Wagenmaker
35	Determine Footing Drain opt-out sewer rate	September 27	Mike Lunn
36	Present revenue requirements to customer communities (Beginning of 30 day comment period)	November 8	Eric DeLong Linda Wagenmaker
37	Present rate ordinances to City Commission	November 13	Eric DeLong Linda Wagenmaker
38	Public Hearing on proposed water/sewer rates and charges to be effective January 1, 2013	December 4	Eric DeLong Linda Wagenmaker
39	Final adoption of rate ordinances	December 18	Eric DeLong Linda Wagenmaker
40	Resolution approving customer community water & sewer rates to be effective January 1, 2013	December 18	Eric DeLong Linda Wagenmaker
41	City Clerk to notify customer communities of City Commission approval of water & sewer rates	December 27	Lauri Parks

**Water/Sewer UAB Report
May 2012**

Project Name	Contractor	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
Water Main Improvements in Patterson Avenue and in Public Easement (SE) from 36th Street to 33rd Street (DWR# 7374-01)	Jackson-Merkey Contractors, Inc.	5/1/12	8/4/12	9/30/12	\$ 504,000.00	N/A	2013	Non-Integrated K & C
Concrete and Asphalt Repairs at the WASTEWATER TREATMENT PLANT - 2012	Kamminga & Roodvoets, Inc.	5/15/12	9/1/12	9/15/12	N/A	\$ 180,000.00	2013	Integrated
EASTSIDE SEWER IMPROVEMENTS PROGRAM SEPARATION PROJECT CONTRACT NO. 20 - Reconstruction of DONALD PLACE from Wealthy St to north end; ROBEY PLACE from Wealthy St to north end; FREYLING PLACE from Wealthy St to north end; CALKINS AVENUE from Wealthy St to Fairmount St; VISSER PLACE from Wealthy St to north end; MCKINLEY COURT from west end to Fuller Ave; CARROLL AVENUE from Fairmount St to Chester St; and FAIRMOUNT STREET from Carroll Ave to Calkins Ave	Georgetown Construction Co.	5/15/12	5/24/13	6/7/13	\$ 837,000.00	\$ 1,360,000.00	2014	Non-Integrated GR

**Water/Sewer UAB Report
May 2012**

Project Name	Contractor	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
EASTSIDE SEWER IMPROVEMENTS PROGRAM SEPARATION PROJECT CONTRACT NO. 26A – Reconstruction of SWEET STREET from Taylor Ave to Center Ave; CENTER AVENUE from Sweet St to Ann St; DALE STREET from Center Ave to Coit Ave; TRAVIS STREET from Center Ave to Coit Ave; PALMER STREET from Center Ave to Coit Ave; COIT AVENUE from Sweet St to Ann St	Kamminga & Roodvoets, Inc.	5/15/12	6/1/13	6/15/13	\$ 260,000.00	\$ 3,800,000.00	2014	Non-Integrated GR
EASTSIDE SEWER IMPROVEMENTS PROGRAM SEPARATION PROJECT CONTRACT NO. 26B – Reconstruction of PAGE STREET from Plainfield Ave to North Ave; BUFFALO AVENUE from Page St to 150' North of Page St; CARRIER STREET from Lafayette Ave to College Ave; and LAFAYETTE AVENUE from Leonard St to Page St	Wyoming Excavators, Inc.	5/15/12	5/31/13	6/14/13	\$ 1,298,000.00	\$ 1,765,000.00	2014	Non-Integrated GR
Reconstruction of IONIA AVENUE from Buckley St to Wealthy St, LOGAN STREET from US-131 to Division Ave, MCCONNELL STREET from Ionia Ave to Division Ave (URBAN MARKET)	Georgetown Construction Co.	5/15/12	10/29/12	11/12/12	\$ 1,030,000.00	\$ 1,327,000.00	2013	Non-Integrated GR
Replacement of Water Main in connection with the Reconstruction of Forest Hill Ave. from Ada Dr. to 700' South of M-21 (KCRC/MDOT)	Schippers Excavating	4/6/12 (MDOT)	2012	2012	\$ 10,000.00	N/A	2013	Non-Integrated GRT

**Water/Sewer UAB Report
May 2012**

Project Name	Contractor	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
Resurfacing of PLAINFIELD AVENUE from Leonard St to 250' north of Ann St and Utility Improvements in PLAINFIELD AVENUE and Grove St and Improvements in PLAINFIELD AVENUE from Page St to 250' north of Ann St (Bioretention Islands)	Dykema Excavators, Inc.	5/4/12 (MDOT)	2012-13	2012-13	\$ 40,000.00	\$ 833,000.00	2013-14	Non-Integrated GR